

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7946

BILL NUMBER: HB 1652

DATE PREPARED: Feb 17, 1999

BILL AMENDED: Feb 16, 1999

SUBJECT: Workforce investment system.

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FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill establishes the Workforce Investment System (System). It provides that the System is administered by the Department of Workforce Development under a state plan developed by the State Human Resource Investment Council. This bill sets forth requirements for regional boards, the one stop service delivery system, and one stop partners.

Effective Date: Upon passage.

Explanation of State Expenditures: This bill is in response to the requirements of the federal Workforce Investment Act of 1998 (29 U.S.C. 2801 et. seq.). All states are to have the requirements of the federal Act implemented by July 1, 2000. The purpose of the federal Workforce Investment Act is to consolidate the many separately funded workforce and adult education literacy programs. The federal Workforce Investment Act consolidates federal funding (including but not limited to federal funding under the Carl D. Perkins Vocational and Applied Technology Act, the Wagner-Peyser Act, Community Services Block Grant Act) for numerous programs into three basic grants: adult employment and training, disadvantaged youth employment and training, and adult education and family literacy programs. The federal Workforce Investment Act requires new state and local workforce boards to guide and coordinate workforce investment systems that meet local needs. The newly formed boards and the consolidation of programs and funding are to provide increased flexibility and local control of workforce development programs and funding. No new federal funding is providing under the federal Act.

This bill requires the State Human Resource Investment Council to develop a unified state plan for the workforce investment system. Members of the State Human Resource Investment Council is entitled to salary per diem and reimbursement for travel expenses. The fiscal impact is dependent on the number of times the Council has to meet to develop the unified state plan. The Department of Workforce Development (DWD) has not requested additional funding in FY 2000 to implement this requirement.

This bill requires the DWD to designate not more than 16 workforce investment areas that follow the state plan (developed by the State Human Resource Investment Council). The DWD has not requested additional funding in FY 2000 to implement this requirement.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) This bill, in response to the federal Workforce Investment Act, requires the creation of a regional board (referred to in the federal Act as the local workforce board) and the formation of partnerships with local elected officials. The regional boards/elected official partnerships are responsible for establishing new one-stop centers. The participation of a second or third class city and a county and its chief elected official in meeting the mandates of the federal Act will be done within the existing budget of the second or third class city and county.

Explanation of Local Revenues:

State Agencies Affected: Department of Workforce Development; State Human Resource Investment Council.

Local Agencies Affected: Municipalities.

Information Sources: Craig Hartzler, Commissioner, Department of Workforce Development, (317) 233-5661. *Federal Funds Information for State, Issue Brief 98-14*, "Finally, Job Training Reform Happens," September 1, 1998, p.p. 1-4.